

Memo

To: Palmer Pollack and Jon Smiley, Co-Chairs, Certificate of Need TAC, and
Linda Glaeser, Project Coordinator

From: Donna Goodwin, TAC member

Re: Executive Summary of CN Memos on Home Health and Hospice

Date: June 6, 2006

The following is an Executive Summary of the letters sent by the Home Care Association of Washington (HCAW) and the Washington State Hospice and Palliative Care Organization (WSHPCO) regarding two questions:

- Why should CN be retained in this state for Medicare Certified Home Health and Hospice agencies?
- Why doesn't CN apply to all home health and hospice agencies regardless of Medicare certification?

The first question was asked at a March 29, 2006 Task Force meeting and answered in a memo submitted to the TAC and the Task Force from HCAW and WSHPCO on April 11, 2006. The second question was asked at a May 17th Task Force meeting and answered in a memo submitted to the TAC and the Task Force from HCAW and WSHPCO on May 23, 2006. The following is a summary of key points from those memos.

- Washington State is a "hybrid" system not unlike other states with CN for home health and hospice agencies. This system recognizes the difference between the Medicare market and the non-Medicare market, and this system does work.
- At least one-third of the states that require CN for home health and/or hospice use some type of hybrid system that requires CN for agencies being paid by federal dollars and not requiring it for other agencies.
- Retaining CN for Medicare certified agencies is important in order to assure access to this care in all counties in the state and to assure appropriate use of Medicare dollars. Without CN many rural areas may go underserved, the cost of care would increase and charity care would suffer due to lack of sufficient volume.
- If CN were required for all licensees, the State would be faced with grandparenting all existing licensed agencies or applying it prospectively. Grandparenting would create an instant over-supply in the Medicare home health marketplace as many licensed only agencies would elect Medicare certification. Over supply of Medicare agencies in other states has resulted in "cherry-picking" and lack of services in rural areas; numerous agency closures due to over supply and issues related to fraud and abuse of the Medicare system.
- Requiring all new licensees to have a CN would essentially shut down the marketplace. With the number of agencies currently licensed, it would be very expensive and very challenging to prove "need." In addition, the cost and backlog of agencies applying for CN would create a bureaucratic nightmare not to mention the negative impact it would have on small business. Many home health agencies are very small, and provide services to niche markets.
- The bottom line is that the State of Washington's hybrid model for CN has worked to assure that quality, cost-effective in-home services are available throughout the state.